

Warrant Committee Meeting Minutes of April 19, 2005

Handout(s) distributed tonight are:

1. FY04 School Revolving Account Report

Member(s) absent: Hofmann, Doblin, Curtis, Callanan, Paolillo

Also present: Town Administrator Tom Younger and Town Accountant Barbara Hagg

Chairman Widmer called the meeting to order at 7:41 PM. Most of the fiscal motions will be put off until June 6. The Concord Avenue property is still up in the air as to whether it will be discussed at Special Town Meeting. **There will be a special meeting of the Warrant Committee on Wednesday, April 27 prior to Town Meeting.**

FY06 Budget Discussion and Recommendations

Health Insurance

Chairman Widmer thought it would be helpful for Town Accountant Hagg to discuss our health insurance numbers discussed in Sunday's Boston Globe. In FY05, we budgeted a 16% increase in health insurance. The rate came in at 12%. The School has used their 16% due to an increase in policies, but the Town's came in lower. Part of this savings will be used for the snow budget. Next year we just have the five new positions on the Town side, with the Schools doing their own budget. Since we budgeted high for FY05, FY06 does not look like a large increase even though it really is. There is a 16% real increase in our health insurance costs. The Schools increase is really 17% + 16%, while the Town is looking at a lower number + 16%. Our health insurance consultant has recommended we budget for 16%. Mr. Stratford pointed out the consultant was calculating on a calendar year, not the fiscal year.

The Town came in at 12% instead of the expected 16% for the first six months of the year. Some of that is our increase of five staff positions, but it should not bring us to that high of a number.

Town Accountant Hagg said there are two ways our retirement insurance may decrease for the Town. As many as 60 policies (per HR Director Diane Jenkins) may be going from an HMO to Medicare. Also, Medicare Part D (prescription drug coverage) is offering a reimbursement to the Town, which may result in some savings.

Member White thinks it will be useful for Town Accountant Hagg to check in with our health care consultant for an updated view of the FY05 to FY06 difference.

Other Budget Items

Vice Chair Jones revisited some items from the FY06 Budget. He distributed a FY04 School Revolving Account Report (*Handout 1*). Mr. Stratford reviewed the handout regarding surplus balances and the budget. Over \$120K from these kinds of funds was already applied to the FY06 Budget. We have already raised bussing fees, lunch fees, field fees, etc. May 10 is the next School Committee meeting. Town Administrator Younger suggested the Schools be very careful in applying money to the budget since there may be a trend of expenses exceeding revenues.

Member Bruschi looked at the circuit breaker line (\$57K) and asked if we have applied it to this year. She inquired about the balance in school choice (\$94K). Mr. Stratford answered the school choice does get accounted for in the budget, and he will look into

that category. Member Brusch believes that it should have come closer to zeroing out at the end of 6/30/04.

Member Fitzgerald asked if it was possible to get an updated spreadsheet to see where the numbers are trending since last June. Mr. Stratford will request that of Dr. Missal.

Free Cash

Chairman Widmer asked how much Free Cash was carried forward from FY04 into FY05. It's really the FY03 Free Cash being used to support the FY05 Budget. Town Accountant Hagg answered \$410K. There is about \$500K turned back each year from salary accounts or even the Warrant Committee Reserve Fund account. Member Brusch would like to see what the FY05 Free Cash is going to look like. By fall, Town Accountant Hagg mentioned we would have a new Free Cash figure.

Chairman Widmer discussed areas that we are budgeting for in FY06 that will not be filled for the whole year, such as police officers. He is not suggesting we reduce the staffing commitment. He is looking to see if there would be a lag time that would not be made up in overtime. Member Hobbs said it might be worse since we have to pay for someone while they are at the Academy.

Member White brought up the topic of reducing the lighting in Town. Is the reality that kind of thing can be done? Town Administrator Younger said it can be done, however in North Reading it was an either/or choice. They voted to reduce street lighting. The impact was significant – about a 30% reduction in the street light budget. If it was a safety issue, we would put the light back on. Member Oates asked if there was an increase in crime rates since the lighting was decreased. Town Administrator Younger believes the Police Chief and the Police Dept. did not receive a major crime change. Town Accountant Hagg said we currently budget \$190K in street lighting. There was a recommendation of reducing it by \$100K, but a more modest step would be decreasing it by \$30K to \$50K instead of the whole \$100K. Vice Chair Jones added that this could occur, but it would be through a process with the community and businesses. One possibility is to change out the street light bulbs to lower wattage bulbs that put out the same illumination. Town Accountant Hagg will draft a letter to the Light Department Manager regarding this issue.

Town Administrator Younger put out a few other suggestions in cost saving options such as changing fees, pay as you throw, etc. Member Heigham thinks we were average in our fees when it was looked into a few years ago. In addition, there is a state law that we are not supposed to profit from fees.

Member Brusch asked for an updated cuts/adds listing from Town Accountant Hagg. Vice Chair Jones would feel better if the final recommendations come from Department Heads/Town Administrator Younger/Town Accountant Hagg/Dr. Holland since they are the closest to the issues. Chairman Widmer would like to get a final recommended budget by May 4.

